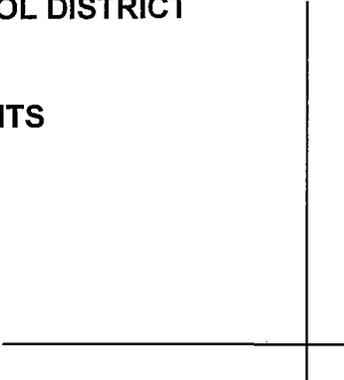


CAMANCHE COMMUNITY SCHOOL DISTRICT
Camanche, Iowa

FINANCIAL STATEMENTS
June 30, 2005



CAMANCHE COMMUNITY SCHOOL DISTRICT

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CAMANCHE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u> (Before September, 2004 Election)		
John Thomas	President	2005
Pat Bryan	Vice-President	2004
Steve Campie	Member	2004
Shelly McCausland	Member	2004
Darcy Thornton	Member	2005
Pam Baretich	Member	2006
Mike Dunn	Member	2006
<u>Board of Education</u> (After September, 2004 Election)		
John Thomas	President	2005
Steve Campie	Vice-President	2007
Darcy Thornton	Member	2005
Pam Baretich	Member	2006
Mike Dunn	Member	2006
Chad Delzell	Member	2007
Shelley McCausland	Member	2007
<u>School Officials</u>		
Thomas E. Parker	Superintendent	2005
Roxanne L. Aude	Business Director Board Secretary/Treasurer	2005
Jerry D. Van Scoy	Attorney	Indefinite

Independent Auditor's Report

To the Board of Education
Camanche Community School District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District, Camanche, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4-18 and 47-49 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Camanche Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Clinton, Iowa
August 19, 2005

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Camanche Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,070,740 in fiscal 2004 to \$7,497,921 in fiscal 2005, while General Fund expenditures increased from \$7,204,262 in fiscal 2004 to \$7,875,516 in fiscal 2005. The District's General Fund balance decreased from \$589,307 in fiscal 2004 to \$231,799 in fiscal 2005, a 61% decrease.
- The increase in General Fund revenues was attributable to an increase in interest rates, an increase in enrollment plus state allowable growth resulting in more State Foundation Aid and Teacher Compensation/Salary Improvement funding and by the District being awarded a DECAT grant.
- The increase in General Fund expenditures is due to the increase in health insurance claims, the increase in utility costs and the increase in overall salaries and benefits.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Camanche Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Camanche Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Camanche Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

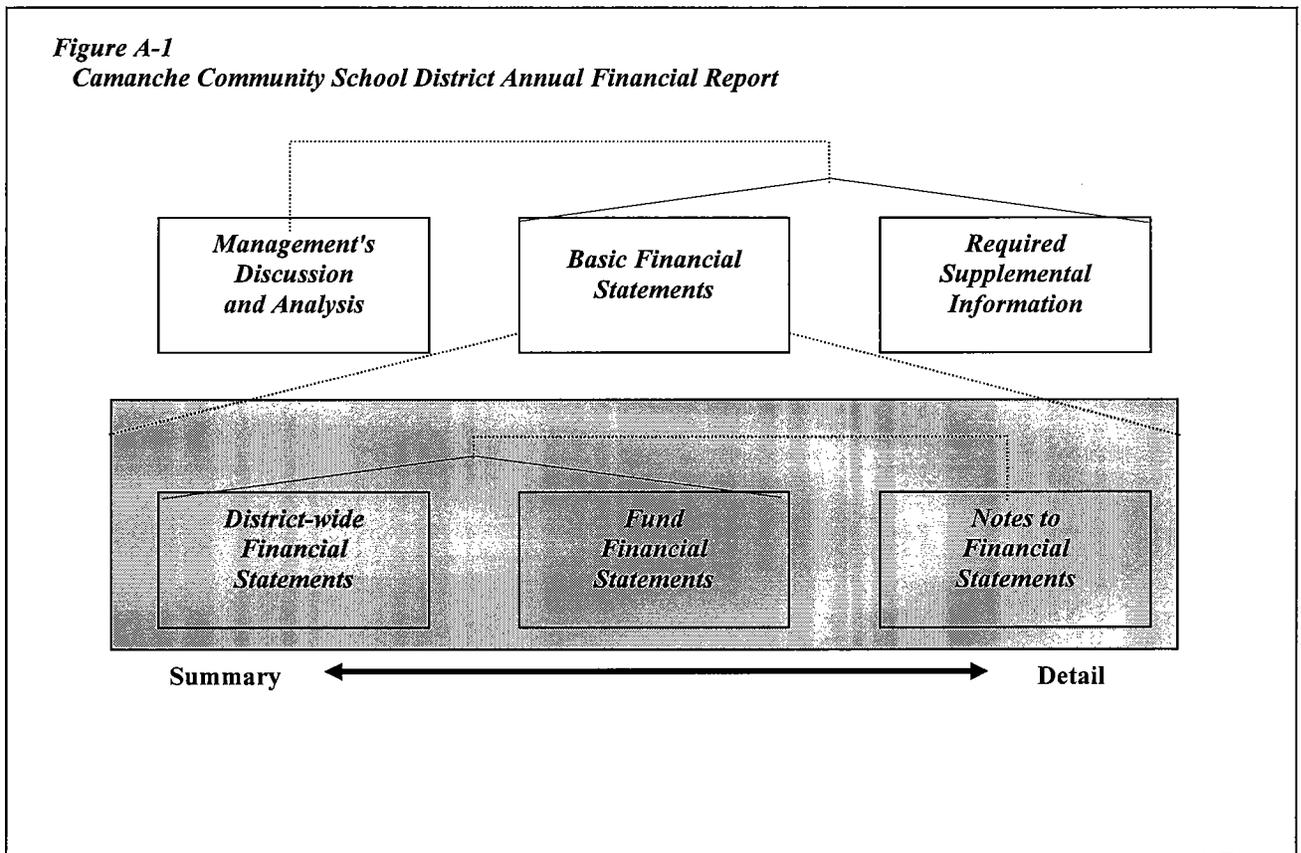
Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Required Supplemental Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplemental Information provides detailed information about the nonmajor Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.



**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<i>Figure A-2</i>				
<i>Major Features of the Government-wide and Fund Financial Statements</i>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

The District has three kinds of funds:

1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets; a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for students, teachers, and others.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,977,239 as of June 30, 2005.

A portion of the District's net assets (77%) reflects its investment in capital assets (e.g., land, land improvements, buildings and building improvements, and machinery and equipment), less any related debt used to acquire those assets that are still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Government-wide statements also include \$4,797,046 in long-term liabilities (see Note 6 on pages 42-43), including general obligation bonds and compensated absences.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2005 and 2004:

2005

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 6,953,605	\$ 143,231	\$ 7,096,836
Capital assets, net of accumulated depreciation	<u>8,516,942</u>	<u>26,439</u>	<u>8,543,381</u>
Total assets	<u>15,470,547</u>	<u>169,670</u>	<u>15,640,217</u>
Current liabilities	5,865,932	-	5,865,932
Long-term liabilities	<u>4,797,046</u>	<u>-</u>	<u>4,797,046</u>
Total liabilities	<u>10,662,978</u>	<u>-</u>	<u>10,662,978</u>
Net assets			
Invested in capital assets, net of related debt	3,791,942	26,439	3,818,381
Restricted	593,877	-	593,877
Unrestricted	<u>421,750</u>	<u>143,231</u>	<u>564,981</u>
Total net assets	<u>\$ 4,807,569</u>	<u>\$ 169,670</u>	<u>\$ 4,977,239</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 6,665,877	\$ 78,057	\$ 6,743,934
Capital assets, net of accumulated depreciation	<u>8,797,695</u>	<u>30,899</u>	<u>8,828,594</u>
Total assets	<u>15,463,572</u>	<u>108,956</u>	<u>15,572,528</u>
Current liabilities	5,278,225	286	5,278,511
Long-term liabilities	<u>5,149,331</u>	<u>-</u>	<u>5,149,331</u>
Total liabilities	<u>10,427,556</u>	<u>286</u>	<u>10,427,842</u>
Net assets			
Invested in capital assets, net of related debt	3,737,695	30,899	3,768,594
Restricted	106,840	-	106,840
Unrestricted	<u>1,191,481</u>	<u>77,771</u>	<u>1,269,252</u>
Total net assets	<u>\$ 5,036,016</u>	<u>\$ 108,670</u>	<u>\$ 5,144,686</u>

The largest portion of the District's net assets is the invested in capital assets (e.g., land, land improvements, buildings and building improvements, and machinery and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets were \$593,877 at year end.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$564,981 at year end.

Changes in net assets. The District's total revenue for the fiscal year ended June 30, 2005 was \$9,274,965 and June 30, 2004 was \$8,828,132. The total cost of all programs and services was \$9,442,412 and \$8,882,220, respectively. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2005 and 2004:

2005

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 942,524	\$ 207,235	\$ 1,149,759
Operating grants, contributions, and restricted interest	493,007	192,126	685,133
General revenues			
Property tax	3,076,464	-	3,076,464
Local option sales taxes	523,729	-	523,729
Student book fees	36,107	-	36,107
Unrestricted state aid	3,348,516	-	3,348,516
AEA flow through	259,215	-	259,215
Unrestricted investment earnings	30,516	821	31,337
Miscellaneous	164,705	-	164,705
Total revenues	<u>8,874,783</u>	<u>400,182</u>	<u>9,274,965</u>
Expenses			
Instruction	5,431,601	-	5,431,601
Support services			
Student services	277,609	-	277,609
Instructional staff services	283,682	-	283,682
Administration services	1,047,352	-	1,047,352
Operation and maintenance of plant services	665,568	-	665,568
Transportation services	192,952	-	192,952
Non-instructional programs	18,210	339,182	357,392
Other expenditures			
Facilities acquisitions	272,310	-	272,310
Long-term debt interest and finance charges	216,875	-	216,875
AEA flow through	259,215	-	259,215
Depreciation (unallocated)	437,856	-	437,856
Total expenses	<u>9,103,230</u>	<u>339,182</u>	<u>9,442,412</u>
Change in net assets	<u>\$ (228,447)</u>	<u>\$ 61,000</u>	<u>\$ (167,447)</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 973,769	\$ 216,002	\$ 1,189,771
Operating grants, contributions, and restricted interest	143,030	157,165	300,195
General revenues			
Property and mobile home tax	3,136,879	-	3,136,879
Local option sales taxes	495,712	-	495,712
AEA flow through	253,750	-	253,750
Unrestricted investment earnings	11,105	1,196	12,301
Unrestricted state aid	2,664,783	-	2,664,783
Other	<u>774,741</u>	<u>-</u>	<u>774,741</u>
Total revenues	<u>8,453,769</u>	<u>374,363</u>	<u>8,828,132</u>
Expenses			
Instruction	4,967,708	-	4,967,708
Support services			
Student services	240,156	-	240,156
Instructional staff services	388,427	-	388,427
Administration services	863,212	-	863,212
Operation and maintenance of plant services	556,384	-	556,384
Transportation services	193,566	-	193,566
Central support services	52,202	-	52,202
Non-instructional programs	14,771	333,148	347,919
Other expenditures			
Facilities acquisitions	269,686	-	269,686
Long-term debt interest and finance charges	229,526	-	229,526
AEA flow through	253,750	-	253,750
Depreciation (unallocated)	<u>519,684</u>	<u>-</u>	<u>519,684</u>
Total expenses	<u>8,549,072</u>	<u>333,148</u>	<u>8,882,220</u>
Change in net assets	<u>\$ (95,303)</u>	<u>\$ 41,215</u>	<u>\$ (54,088)</u>

Property and local option sales tax and unrestricted state grants account for 74.9% of the total revenue for fiscal year 2005. The District's expenses primarily relate to instruction and support services, which account for 83.6% of the total expenses for fiscal year 2005.

Governmental Activities

Revenues for governmental activities were \$8,874,783 and expenses were \$9,103,230 for June 30, 2005. Revenues for governmental activities were \$8,453,769 and expenses were \$8,549,072 for June 30, 2004.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

The following tables present the cost of the District's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District taxpayers by each of these functions.

2005

	Total Expenses	Net (Expenses) Revenues
Instruction	\$ 5,431,601	\$ (4,062,124)
Support services		
Student services	277,609	(277,609)
Instructional staff services	283,682	(277,893)
Administration services	1,047,352	(1,047,352)
Operation and maintenance of plant services	665,568	(614,714)
Transportation services	192,952	(183,541)
Non-instructional programs	18,210	(18,210)
Other expenditures		
Facilities acquisitions	272,310	(272,310)
Long-term debt interest and finance charges	216,875	(216,875)
AEA flow through	259,215	(259,215)
Depreciation (unallocated)	437,856	(437,856)
Total expenses	\$ 9,103,230	\$ (7,667,699)

- The cost of all governmental activities this year was \$9,103,230.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$1,435,531.

Net cost of governmental activities (\$7,667,699), was financed by general revenues, which are made up of primarily property and local option sales tax (\$3,600,193) and state aid (\$3,348,516). Investment earnings, sale of equipment and miscellaneous sources accounted for \$195,221.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

2004

	Total Expenses	Net (Expenses) Revenues
Instruction	\$ 4,967,708	\$ (3,880,637)
Support services		
Student services	240,156	(240,156)
Instructional staff services	388,427	(388,427)
Administration services	863,212	(863,212)
Operation and maintenance of plant services	556,384	(541,384)
Transportation services	193,566	(181,538)
Central support services	52,202	(52,202)
Non-instructional programs	14,771	(14,771)
Other expenditures		
Facilities acquisitions	269,686	(266,986)
Long-term debt interest and finance charges	229,526	(229,526)
AEA flow through	253,750	(253,750)
Depreciation (unallocated)	519,684	(519,684)
Total expenses	\$ 8,549,072	\$ (7,432,273)

- The cost of all governmental activities for 2004 was \$8,549,072.
- Federal and State governments and charges for services subsidized certain governmental activities with grants and contributions and other local revenues of \$1,116,799 for 2004.

Net cost of governmental activities (\$7,432,273), was financed by general revenues, which are made up of primarily property and local option sales tax (\$3,632,591) and state aid (\$2,664,783). Investment earnings, sale of equipment and miscellaneous sources accounted for \$1,039,596.

Business-Type Activities

Revenues for business-type activities were \$400,182 and expenses were \$339,182 for June 30, 2005. Revenues for business-type activities were \$374,363 and expenses were \$333,148 for June 30, 2004. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The increase in both the revenues and expenses were attributed to the participation in the USDA Fruit and Vegetable Program at both the Middle School and High School buildings. This program is a federal program with the funding flowing through the Iowa Department of Education, Bureau of Nutrition to selected Iowa schools. Another factor having an impact on the increase in revenues would be the overall increase in students participating in the School Nutrition Program.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

INDIVIDUAL FUND ANALYSIS

As previously noted, Camanche Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,104,952, below last year's ending fund balance of \$1,406,047.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. An increase in health insurance claims coupled with the increase in the utility costs and the negotiated salary and benefits settlement are some of the reasons for the decrease in financial position.
- The General Fund balance decreased from \$589,307 to \$231,799, due in part to the increase in health insurance claims.
- The Debt Service Fund balance remained relatively constant, decreasing slightly from \$279,741 in fiscal 2004 to \$279,276 in fiscal 2005.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$108,670 at June 30, 2004 to \$169,670 at June 30, 2005, representing an increase of approximately 56.1%. The District experienced an increase in student participation in the School Nutrition Program resulting in an increase in meals served.

BUDGETARY HIGHLIGHTS

Over the course of the year, Camanche Community School District amended its annual budget one time, increasing the instruction function by \$600,000.

The District's receipts were \$131,773 less than budgeted receipts, a variance of 1.4%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2005, the District had invested \$8,543,381 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$85,326 from last year, primarily due to building improvements and machinery and equipment. Total depreciation expense for the year was \$442,315.

As of June 30, 2004, the District had invested \$8,828,594 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$89,852 from last year, primarily due to machinery and equipment. Total depreciation expense for the year was \$526,799.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2005 and 2004:

2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 21,939	\$ -	\$ 21,939
Land improvements	501,830	-	501,830
Buildings and building improvements	7,714,871	-	7,714,871
Machinery and equipment	<u>278,302</u>	<u>26,439</u>	<u>304,741</u>
Total	<u>\$ 8,516,942</u>	<u>\$ 26,439</u>	<u>\$ 8,543,381</u>

2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 21,939	\$ -	\$ 21,939
Land improvements	545,063	-	545,063
Buildings and building improvements	7,931,795	-	7,931,795
Machinery and equipment	<u>298,899</u>	<u>30,898</u>	<u>329,797</u>
Total	<u>\$ 8,797,696</u>	<u>\$ 30,898</u>	<u>\$ 8,828,594</u>

Additional information on the District's capital assets can be found in Note 5 on pages 41-42 of this report.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

Long-Term Debt

At June 30, 2005, the District had \$4,797,046 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 6.8% from last year. Additional information about the District's long-term debt is presented in Note 6 on pages 42-43 of this report.

	<u>Amount</u>
General obligation bonds	\$ 4,725,000
Compensated absences	<u>72,046</u>
Total	<u>\$ 4,797,046</u>

At June 30, 2004, the District had \$5,149,331 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 5.4% from last year.

	<u>Amount</u>
General obligation bonds	\$ 5,060,000
Compensated absences	<u>89,331</u>
Total	<u>\$ 5,149,331</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005**

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District enrollment increasing from the 2004-2005 school year to the 2005-2006 school year.
- The significant increase in the costs of utilities and fuel.
- Continued evaluation of the condition of the transportation vehicles and the rotation for replacement of these vehicles. Future purchases will be Local Option Sales and Service Tax Fund expenditures.
- The District is self-funded with Health Care/Prescription Drug Insurance. The rising costs in these two areas are constantly being monitored.
- The offering of the Early Retirement Incentive to the District's employees. There are 20 certified and classified employees who would qualify to participate in the Early Retirement Incentive.
- The negotiation of salaries and benefits for all District employees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business and Finance Office, Camanche Community School District, 702 13th Avenue, Camanche, Iowa 52730.

BASIC FINANCIAL STATEMENTS

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 294,321	\$ 128,351	\$ 422,672
Investments	1,442,411	-	1,442,411
Property taxes receivable			
Current year delinquent	67,327	-	67,327
Succeeding year	3,262,000	-	3,262,000
Other receivables	22,658	8,630	31,288
Due from other governments	144,848	-	144,848
Inventories	-	6,250	6,250
ISCAP investments	1,713,897	-	1,713,897
ISCAP accrued interest receivable	6,143	-	6,143
Capital assets, net of accumulated depreciation	8,516,942	26,439	8,543,381
Total assets	<u>15,470,547</u>	<u>169,670</u>	<u>15,640,217</u>
LIABILITIES			
Accounts payable and accrued liabilities	185,933	-	185,933
Accrued payroll and deductions	523,447	-	523,447
Accrued interest payable	17,279	-	17,279
Incurred but not reported claims	144,000	-	144,000
ISCAP warrants payable	1,707,000	-	1,707,000
ISCAP accrued interest payable	6,582	-	6,582
ISCAP unamortized premium	19,691	-	19,691
Deferred revenue	3,262,000	-	3,262,000
Long-term liabilities			
Portion due within one year:			
Bonds payable	345,000	-	345,000
Compensated absences	72,046	-	72,046
Portion due after one year:			
Bonds payable	4,380,000	-	4,380,000
Total liabilities	<u>10,662,978</u>	<u>-</u>	<u>10,662,978</u>
NET ASSETS			
Investment in capital assets, net of related debt	3,791,942	26,439	3,818,381
Restricted for:			
Management levy	19,073	-	19,073
Physical plant and equipment levy	42,480	-	42,480
Other special revenue purposes	532,324	-	532,324
Unrestricted	421,750	143,231	564,981
Total net assets	<u>\$ 4,807,569</u>	<u>\$ 169,670</u>	<u>\$ 4,977,239</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Governmental activities:			
Instruction	\$ 5,431,601	\$ 933,950	\$ 435,527
Support services			
Student services	277,609	-	-
Instructional staff services	283,682	-	5,789
Administration services	1,047,352	-	-
Operation and maintenance of plant services	665,568	875	49,979
Transportation services	192,952	7,699	1,712
	<u>2,467,163</u>	<u>8,574</u>	<u>57,480</u>
Non-instructional programs	<u>18,210</u>	<u>-</u>	<u>-</u>
Other expenditures			
Facilities acquisition	272,310	-	-
Long-term debt interest and finance charges	216,875	-	-
AEA flow through	259,215	-	-
Depreciation (unallocated)	437,856	-	-
	<u>1,186,256</u>	<u>-</u>	<u>-</u>
Total governmental activities	9,103,230	942,524	493,007
Business-type activities:			
Non-instructional programs			
School nutrition	339,182	207,235	192,126
Total	<u>\$ 9,442,412</u>	<u>\$ 1,149,759</u>	<u>\$ 685,133</u>

General revenues:

Property tax levied for:
General purposes
Debt service
Capital outlay
Local option sales tax
Unrestricted student book fees
Unrestricted state aid
AEA flow through
Unrestricted investment earnings
Miscellaneous
Total general revenues

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

NET ASSETS, END OF YEAR

EXHIBIT B

**Net (Expenses) Revenues
and Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,062,124)	\$ -	\$(4,062,124)
(277,609)	-	(277,609)
(277,893)	-	(277,893)
(1,047,352)	-	(1,047,352)
(614,714)	-	(614,714)
(183,541)	-	(183,541)
<u>(2,401,109)</u>	<u>-</u>	<u>(2,401,109)</u>
(18,210)	-	(18,210)
(272,310)	-	(272,310)
(216,875)	-	(216,875)
(259,215)	-	(259,215)
(437,856)	-	(437,856)
<u>(1,186,256)</u>	<u>-</u>	<u>(1,186,256)</u>
(7,667,699)	-	(7,667,699)
-	60,179	60,179
<u>(7,667,699)</u>	<u>60,179</u>	<u>(7,607,520)</u>
2,662,347	-	2,662,347
345,641	-	345,641
68,476	-	68,476
523,729	-	523,729
36,107	-	36,107
3,348,516	-	3,348,516
259,215	-	259,215
30,516	821	31,337
164,705	-	164,705
<u>7,439,252</u>	<u>821</u>	<u>7,440,073</u>
(228,447)	61,000	(167,447)
<u>5,036,016</u>	<u>108,670</u>	<u>5,144,686</u>
<u>\$ 4,807,569</u>	<u>\$ 169,670</u>	<u>\$ 4,977,239</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005**

EXHIBIT C

	General	Debt Service	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 189,330	\$ -	\$ 104,991	\$ 294,321
Investments	748,021	271,859	422,531	1,442,411
Property taxes receivable				
Current year delinquent	54,786	7,417	5,124	67,327
Succeeding year	2,592,000	350,000	320,000	3,262,000
Other receivables	22,658	-	-	22,658
Due from other governments	69,713	-	75,135	144,848
ISCAP investments	1,713,897	-	-	1,713,897
ISCAP accrued interest receivable	6,143	-	-	6,143
TOTAL ASSETS	\$ 5,396,548	\$ 629,276	\$ 927,781	\$ 6,953,605
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 172,029	\$ -	\$ 13,904	\$ 185,933
Accrued payroll and deductions	523,447	-	-	523,447
Incurred but not reported claims	144,000	-	-	144,000
ISCAP warrants payable	1,707,000	-	-	1,707,000
ISCAP accrued interest payable	6,582	-	-	6,582
ISCAP unamortized premium	19,691	-	-	19,691
Deferred revenue	2,592,000	350,000	320,000	3,262,000
Total liabilities	5,164,749	350,000	333,904	5,848,653
Fund balances				
Reserved for:				
Debt service	-	279,276	-	279,276
Unreserved	231,799	-	593,877	825,676
Total fund balances	231,799	279,276	593,877	1,104,952
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,396,548	\$ 629,276	\$ 927,781	\$ 6,953,605

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2005**

Total fund balances of governmental funds (page 23)	\$ 1,104,952
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,516,942
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(17,279)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,797,046)</u>
Net assets of governmental activities (page 20)	<u><u>\$ 4,807,569</u></u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES				
Local sources				
Local taxes	\$ 2,514,861	\$ 345,641	\$ 739,690	\$ 3,600,192
Tuition	708,131	-	-	708,131
Other	165,904	6,886	286,729	459,519
State sources	3,865,031	-	-	3,865,031
Federal sources	243,994	-	-	243,994
Total revenues	<u>7,497,921</u>	<u>352,527</u>	<u>1,026,419</u>	<u>8,876,867</u>
EXPENDITURES				
Current operating:				
Instruction	<u>5,181,429</u>	<u>-</u>	<u>290,338</u>	<u>5,471,767</u>
Support services				
Student services	278,579	-	-	278,579
Instructional staff services	283,682	-	-	283,682
Administration services	991,595	-	75,438	1,067,033
Operation and maintenance of plant services	660,476	-	-	660,476
Transportation services	198,243	-	27,200	225,443
Total support services	<u>2,412,575</u>	<u>-</u>	<u>102,638</u>	<u>2,515,213</u>
Non-instructional programs	<u>22,297</u>	<u>-</u>	<u>-</u>	<u>22,297</u>

**EXHIBIT E
(CONTINUED)**

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005**

	General	Debt Service	Nonmajor Governmental Funds	Total
EXPENDITURES (CONTINUED)				
Current operating (continued):				
Other expenditures				
Facilities acquisition	\$ -	\$ -	\$ 356,478	\$ 356,478
Long-term debt				
Principal	-	335,200	-	335,200
Interest and finance charges	-	217,792	-	217,792
AEA flow through	259,215	-	-	259,215
Total other expenditures	259,215	552,992	356,478	1,168,685
Total expenditures	7,875,516	552,992	749,454	9,177,962
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(377,595)	(200,465)	276,965	(301,095)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	30,087	200,000	10,000	240,087
Operating transfers out	(10,000)	-	(230,087)	(240,087)
Total other financing sources (uses)	20,087	200,000	(220,087)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(357,508)	(465)	56,878	(301,095)
FUND BALANCES, BEGINNING OF YEAR	589,307	279,741	536,999	1,406,047
FUND BALANCES, END OF YEAR	\$ 231,799	\$ 279,276	\$ 593,877	\$ 1,104,952

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005**

Net change in fund balances - total governmental funds (page 26) \$ (301,095)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 159,186	
Depreciation expense	<u>(437,856)</u>	(278,670)

Loss on disposal of assets (2,084)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 335,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due:

Change in accrued interest payable		1,117
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in compensated absences		<u>17,285</u>
--------------------------------	--	---------------

Change in net assets of governmental activities (page 22) \$ (228,447)

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2005**

	Enterprise Fund - School Nutrition
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 128,351
Other receivables	8,630
Inventories	6,250
Total current assets	143,231
Noncurrent assets:	
Furniture and equipment	154,144
Less accumulated depreciation	(127,705)
Total noncurrent assets	26,439
Total assets	169,670
LIABILITIES	
None	-
NET ASSETS	
Invested in capital assets	26,439
Unrestricted	143,231
Total net assets	\$ 169,670

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2005

	<u>Enterprise Fund - School Nutrition</u>
OPERATING REVENUES	
Local sources	
Food service sales	\$ 207,235
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	97,560
Employee benefits	13,819
Other purchased services	22,259
Supplies	200,441
Depreciation	4,459
Other operating costs	644
Total operating expenses	<u>339,182</u>
Operating loss	<u>(131,947)</u>
NON-OPERATING REVENUES	
State sources	4,770
Federal sources	
Federal food commodities	22,494
Federal subsidy	164,862
Interest on investments	821
Total non-operating revenues	<u>192,947</u>
CHANGE IN NET ASSETS	61,000
NET ASSETS, BEGINNING OF YEAR	<u>108,670</u>
NET ASSETS, END OF YEAR	<u><u>\$ 169,670</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2005**

	<u>Enterprise Fund - School Nutrition</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 210,649
Cash payments to employees for services	(111,379)
Cash payments to suppliers for goods and services	<u>(222,910)</u>
Net cash used in operating activities	(123,640)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating grants received	192,127
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>821</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,308
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>59,043</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 128,351</u></u>

**EXHIBIT I
(CONTINUED)**

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2005**

**Enterprise
Fund -
School Nutrition**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$	(131,947)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		4,459
Decrease in other receivables		3,414
Decrease in inventories		720
Decrease in accounts payable		(286)
		<hr/>
Net cash used in operating activities	\$	(123,640)
		<hr/> <hr/>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2005, the District received \$22,494 of federal commodities.

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005**

	<u>Private Purpose Trust Scholarship</u>	<u>Agency Fund</u>
ASSETS		
Cash (overdrafts) and cash equivalents	\$ (1,092)	\$ 1,007
Investments	26,427	-
Total assets	<u>25,335</u>	<u>1,007</u>
LIABILITIES		
Due to other groups	<u>-</u>	<u>1,007</u>
NET ASSETS		
Reserved for scholarships	<u><u>\$ 25,335</u></u>	<u><u>\$ -</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2005**

	<u>Private Purpose Trust Scholarship</u>
ADDITIONS	
Local sources	
Interest	\$ 461
Memorials/contributions	<u>1,500</u>
Total additions	1,961
DEDUCTIONS	
Support services	
Scholarships awarded	<u>3,500</u>
CHANGE IN NET ASSETS	(1,539)
NET ASSETS, BEGINNING OF YEAR	<u>26,874</u>
NET ASSETS, END OF YEAR	<u><u>\$ 25,335</u></u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Camanche Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Camanche, Iowa, and the nearby surrounding agricultural territory in Clinton County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Camanche Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Camanche Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide financial statements - The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds included the following:

The Private Purpose Trust Scholarship Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenue (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Land	\$ 500
Land improvements	500
Buildings	500
Furniture and equipment	500

Property, furniture and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of property tax receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability has been computed based on the rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplemental Information. During the year ended June 30, 2005, disbursements in the instruction and other expenditures functional areas exceeded the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

NOTE 2 - CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	
Governmental activities	\$1,442,411
Fiduciary funds	<u>26,427</u>
Total	<u>\$1,468,838</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 2 - CASH AND POOLED INVESTMENTS (CONTINUED)

Interest Rate Risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in investments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit Risk - The investments in the Iowa Schools Joint Investment Trust were rated AAA by Moody's Investors Service.

NOTE 3 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 30,087	\$ 10,000
Debt service	200,000	-
Nonmajor governmental funds		
Management fund	-	30,087
Student activity fund	10,000	-
Local option sales and service tax fund	<u>-</u>	<u>200,000</u>
Total	<u>\$ 240,087</u>	<u>\$ 240,087</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 4 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2005 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Invest-ments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2004-2005B	1/28/05	1/27/06	\$ 433,249	\$ 5,870	\$ 432,000	\$ 6,338
2005-2006A	6/28/05	6/28/06	<u>1,280,648</u>	<u>273</u>	<u>1,275,000</u>	<u>244</u>
Total			<u>\$1,713,897</u>	<u>\$ 6,143</u>	<u>\$1,707,000</u>	<u>\$ 6,582</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 4 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (CONTINUED)

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The District had no ISCAP advance activity in the General Fund for the year ended June 30, 2005.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2004-2005B	3.50%	3.232%
2005-2006A	3.50%	3.903%

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 is as follows:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,939	\$ -	\$ -	\$ 21,939
Capital assets being depreciated:				
Land improvements	1,039,412	-	-	1,039,412
Buildings and building improvements	13,271,634	80,199	-	13,351,833
Machinery and equipment	4,391,803	78,987	73,860	4,396,930
Total capital assets being depreciated	<u>18,702,849</u>	<u>159,186</u>	<u>73,860</u>	<u>18,788,175</u>
Less accumulated depreciation for:				
Land improvements	494,349	43,233	-	537,582
Buildings and building improvements	5,339,839	297,123	-	5,636,962
Machinery and equipment	4,092,904	97,500	71,776	4,118,628
Total accumulated depreciation	<u>9,927,092</u>	<u>437,856</u>	<u>71,776</u>	<u>10,293,172</u>
Total capital assets being depreciated, net	<u>8,775,757</u>	<u>(278,670)</u>	<u>2,084</u>	<u>8,495,003</u>
Governmental activities capital assets, net	<u>\$8,797,696</u>	<u>\$ (278,670)</u>	<u>\$ 2,084</u>	<u>\$8,516,942</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Business-type activities:				
Furniture and equipment	\$ 154,144	\$ -	\$ -	\$ 154,144
Less accumulated depreciation	<u>123,246</u>	<u>4,459</u>	<u>-</u>	<u>127,705</u>
Business-type activities capital assets, net	<u>\$ 30,898</u>	<u>\$ (4,459)</u>	<u>\$ -</u>	<u>\$ 26,439</u>

Depreciation expense was charged by the District as follows:

 Governmental activities:

 Support services:

 Depreciation (unallocated) \$ 437,856

 Business-type activities:

 Food services \$ 4,459

NOTE 6 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$5,060,000	\$ -	\$ 335,000	\$4,725,000	\$ 345,000
Compensated absences	<u>89,331</u>	<u>52,945</u>	<u>70,230</u>	<u>72,046</u>	<u>72,046</u>
Total	<u>\$5,149,331</u>	<u>\$ 52,945</u>	<u>\$ 405,230</u>	<u>\$4,797,046</u>	<u>\$ 417,046</u>

On May 1, 2001, the District issued \$5,925,000 in General Obligation Refunding Bonds with interest rates ranging between 4.000% and 4.750%. The District issued the bonds to advance refund \$5,650,000 of the outstanding General Obligation Bonds issued June 1, 1997, with interest rates ranging from 5.250% to 5.375%. The District used the net proceeds to purchase U.S. government securities that were deposited in an irrevocable trust to provide for all future debt service on the refunded 1997 bonds. As a result the refunded 1997 bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$4,675,000 at June 30, 2005.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of May 2, 2001</u>			
	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	4.00%	\$ 345,000	\$ 203,942	\$ 548,942
2007	4.00%	360,000	189,942	549,942
2008	4.10%	375,000	175,442	550,442
2009	4.20%	390,000	159,955	549,955
2010	4.30%	405,000	143,568	548,568
2011	4.40%	425,000	126,037	551,037
2012	4.50%	445,000	107,222	552,222
2013	4.60%	465,000	87,083	552,083
2014	4.70%	485,000	65,578	550,578
2015	4.70%	505,000	42,667	547,667
2016	4.75%	<u>525,000</u>	<u>18,698</u>	<u>543,698</u>
Total		<u>\$4,725,000</u>	<u>\$1,320,134</u>	<u>\$6,045,134</u>

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments by Fund as of June 30, 2005 are as follows:

	<u>General Fund</u>
State appropriations	
Vocational aid	\$ 10,572
Federal appropriations	
Safe and drug free schools	3,057
Title I grant	<u>16,645</u>
Total federal appropriations	<u>19,702</u>
Miscellaneous	
Special education tuition	35,046
Other	<u>4,393</u>
Total miscellaneous	<u>39,439</u>
Total due from other governments	<u>\$ 69,713</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 7 - DUE FROM OTHER GOVERNMENTS (CONTINUED)

	Local Option Sales and Service <u>Tax Fund</u>
Miscellaneous	
Local option sales tax	<u>\$ 75,135</u>

NOTE 8 - PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004, and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$251,270, \$246,573, and \$236,420, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

Camanche Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There have been no significant reductions in insurance coverage from coverage in the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District also has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 120% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$35,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. There is no reserve at June 30, 2005.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2005**

NOTE 10 - AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$259,215 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 11 - CONTINGENT LIABILITY

In accordance with Iowa Code, the District has elected to reimburse the Iowa Employment Security Commission for benefits paid by the commission to former employees of the District. This election is in lieu of the District making deposits with the Commission based on a predetermined contribution rate. The amount of the contingent liability for future payments is indeterminable.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CAMANCHE COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - CASH BASIS - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2005

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
RECEIPTS						
Local sources	\$ 4,701,157	\$ 208,082	\$ 4,909,239	\$ 4,975,573	\$ 4,975,573	\$ (66,334)
State sources	3,863,489	4,770	3,868,259	3,920,971	3,920,971	(52,712)
Federal sources	251,988	168,251	420,239	433,000	433,000	(12,761)
Total receipts	<u>8,816,634</u>	<u>381,103</u>	<u>9,197,737</u>	<u>9,329,544</u>	<u>9,329,544</u>	<u>(131,807)</u>
DISBURSEMENTS						
Instruction	5,613,698	-	5,613,698	5,024,691	5,624,691	10,993
Support services	2,170,696	-	2,170,696	2,332,000	2,332,000	161,304
Non-instructional programs	17,790	311,795	329,585	389,500	389,500	59,915
Other expenditures	1,154,783	-	1,154,783	1,465,723	1,465,723	310,940
Total disbursements	<u>8,956,967</u>	<u>311,795</u>	<u>9,268,762</u>	<u>9,211,914</u>	<u>9,811,914</u>	<u>543,152</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(140,333)	69,308	(71,025)	117,630	(482,370)	411,345
BALANCES, BEGINNING OF YEAR	<u>1,877,065</u>	<u>59,043</u>	<u>1,936,108</u>	<u>1,852,400</u>	<u>1,852,400</u>	<u>83,708</u>
BALANCES, END OF YEAR	<u>\$ 1,736,732</u>	<u>\$ 128,351</u>	<u>\$ 1,865,083</u>	<u>\$ 1,970,030</u>	<u>\$ 1,370,030</u>	<u>\$ 495,053</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE -
 BUDGET TO GAAP RECONCILIATION
 REQUIRED SUPPLEMENTAL INFORMATION
 Year Ended June 30, 2005**

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 8,816,634	\$ 60,233	\$8,876,867
Expenditures	8,956,967	220,995	9,177,962
Net	(140,333)	(160,762)	(301,095)
Beginning fund balances	1,877,065	(471,018)	1,406,047
ENDING FUND BALANCES	<u>\$ 1,736,732</u>	<u>\$ (631,780)</u>	<u>\$1,104,952</u>

	Proprietary Fund Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 381,103	\$ 19,079	\$ 400,182
Expenses	311,795	27,387	339,182
Net	69,308	(8,308)	61,000
Beginning net assets	59,043	49,627	108,670
ENDING NET ASSETS	<u>\$ 128,351</u>	<u>\$ 41,319</u>	<u>\$ 169,670</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY REPORTING
June 30, 2005**

This budgetary comparison is presented as Required Supplemental Information in accordance with the Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

In accordance with the Code of Iowa, The Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$600,000.

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

OTHER SUPPLEMENTAL INFORMATION

**CAMANCHE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005**

	<u>Management Fund</u>	<u>Student Activity Fund</u>	<u>Physical Plant and Equipment Fund</u>	<u>Local Option Sales and Service Tax Fund</u>	<u>Klinge Library Fund</u>	<u>Other Funds</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 15,423	\$ 50,967	\$ 5,444	\$ 4,554	\$ 27,380	\$ 1,223	\$ 104,991
Investments	-	-	35,562	386,969	-	-	422,531
Property taxes receivable							
Current year delinquent	3,650	-	1,474	-	-	-	5,124
Succeeding year	250,000	-	70,000	-	-	-	320,000
Due from other governments	-	-	-	75,135	-	-	75,135
TOTAL ASSETS	<u>\$ 269,073</u>	<u>\$ 50,967</u>	<u>\$ 112,480</u>	<u>\$ 466,658</u>	<u>\$ 27,380</u>	<u>\$ 1,223</u>	<u>\$ 927,781</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 13,904	\$ -	\$ -	\$ 13,904
Deferred revenue	250,000	-	70,000	-	-	-	320,000
Total liabilities	250,000	-	70,000	13,904	-	-	333,904
Fund balances:							
Unreserved	19,073	50,967	42,480	452,754	27,380	1,223	593,877
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 269,073</u>	<u>\$ 50,967</u>	<u>\$ 112,480</u>	<u>\$ 466,658</u>	<u>\$ 27,380</u>	<u>\$ 1,223</u>	<u>\$ 927,781</u>

**CAMANCHE COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2005**

SCHEDULE 2

	<u>Management Fund</u>	<u>Student Activity Fund</u>	<u>Physical Plant and Equipment Fund</u>	<u>Local Option Sales and Service Tax Fund</u>	<u>Klinge Library Fund</u>	<u>Other Funds</u>	<u>Total</u>
REVENUES							
Local sources							
Local taxes	\$ 147,485	\$ -	\$ 68,476	\$ 523,729	\$ -	\$ -	\$ 739,690
Other	-	226,279	1,397	55,436	477	3,140	286,729
	<u>147,485</u>	<u>226,279</u>	<u>69,873</u>	<u>579,165</u>	<u>477</u>	<u>3,140</u>	<u>1,026,419</u>
Total revenues							
EXPENDITURES							
Current operating:							
Instruction	47,760	239,239	-	-	-	3,339	290,338
Support services							
Administration services	75,423	-	15	-	-	-	75,438
Transportation services	-	-	27,200	-	-	-	27,200
Other expenditures							
Facilities acquisition	-	-	28,233	328,245	-	-	356,478
	<u>123,183</u>	<u>239,239</u>	<u>55,448</u>	<u>328,245</u>	<u>-</u>	<u>3,339</u>	<u>749,454</u>
Total expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	<u>24,302</u>	<u>(12,960)</u>	<u>14,425</u>	<u>250,920</u>	<u>477</u>	<u>(199)</u>	<u>276,965</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	10,000	-	-	-	-	10,000
Operating transfers out	(30,087)	-	-	(200,000)	-	-	(230,087)
Total other financing sources (uses)	<u>(30,087)</u>	<u>10,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(220,087)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES							
	(5,785)	(2,960)	14,425	50,920	477	(199)	56,878
FUND BALANCES, BEGINNING OF YEAR							
	<u>24,858</u>	<u>53,927</u>	<u>28,055</u>	<u>401,834</u>	<u>26,903</u>	<u>1,422</u>	<u>536,999</u>
FUND BALANCES, END OF YEAR							
	<u>\$ 19,073</u>	<u>\$ 50,967</u>	<u>\$ 42,480</u>	<u>\$ 452,754</u>	<u>\$ 27,380</u>	<u>\$ 1,223</u>	<u>\$ 593,877</u>

SCHEDULE 3

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2005**

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Drama	\$ (35)	\$ 8,888	\$ 8,299	\$ 554
MS drama	795	2,033	1,598	1,230
Music boosters	772	5,969	5,498	1,243
Band boosters	714	13,379	11,982	2,111
Fine arts boosters	2,896	5,084	5,978	2,002
Cross country	-	1,292	1,292	-
Boys basketball	2,061	8,830	9,126	1,765
Boys football	-	13,589	13,589	-
Boys baseball	(60)	4,287	4,227	-
Boys track	(25)	5,002	4,977	-
Boys tennis	-	837	837	-
Boys golf	1	433	434	-
Boys wrestling	-	5,819	5,819	-
Girls basketball	-	4,418	4,227	191
Girls volleyball	-	6,965	6,965	-
Girls softball	-	3,701	3,701	-
Girls track	969	4,097	5,066	-
Girls tennis	569	2,455	3,024	-
Gate change	-	1,735	1,735	-
Indian basketball - boys	1,105	1,559	1,863	801
Indian basketball - girls	68	3,391	1,658	1,801
Indian volleyball	120	55	175	-
Indian baseball	(224)	1,307	1,083	-
Indian softball	(180)	1,753	1,573	-
Summer tennis	1,399	1,214	2,257	356
Activity tickets	-	510	510	-
Junior wrestling	100	5,477	4,126	1,451
Cheerleaders	1,073	1,979	1,238	1,814
Dance team	714	239	550	403
Athletic boosters	1,986	34,245	36,231	-
Gaming license	-	29	-	29
Athletic fund raising	5,689	12,128	17,206	611
T & I Club	79	802	857	24
Camanche Teen Club	9,061	5,041	6,354	7,748
Peer Helpers	73	221	216	78

**SCHEDULE 3
(CONTINUED)**

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2005**

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
A.F.S. students	\$ 161	\$ 317	\$ 321	\$ 157
U.N. Club	-	300	286	14
DJ Club	-	550	353	197
Computer Club	98	-	98	-
National Honor Society	-	290	247	43
Students Against Stereotyping	-	392	392	-
S.A.D.D.	628	1,825	1,965	488
Student Council	1,206	2,236	2,448	994
Business club	2,609	2,899	3,367	2,141
Key Club	294	560	439	415
Care account	660	-	50	610
Securities/investments	330	-	252	78
Class of 2004	(54)	54	-	-
Class of 2005	2,085	407	1,886	606
Class of 2006	310	13,362	10,972	2,700
Class of 2007	-	935	575	360
Class of 2008	-	158	124	34
Elementary school activity snacks	4,785	8,383	8,122	5,046
Elementary music	708	658	638	728
Elementary book fair	1,057	4,012	3,951	1,118
Junior high activity snacks	1,027	20,300	18,229	3,098
Junior high concession sales	433	300	124	609
High school activity snacks	3,592	6,760	7,166	3,186
High school concession sales	4,278	2,818	2,963	4,133
TOTAL	<u>\$ 53,927</u>	<u>\$ 236,279</u>	<u>\$ 239,239</u>	<u>\$ 50,967</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2005

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
STUDENT INSURANCE				
Assets				
Cash and investments	\$ 550	\$ 450	\$ 450	\$ 550
Liabilities				
Other payables	\$ 550	\$ 450	\$ 450	\$ 550
TEACHERS REVOLVING				
Assets				
Cash and investments	\$ 667	\$ 2,273	\$ 2,556	\$ 384
Liabilities				
Other payables	\$ 667	\$ 2,273	\$ 2,556	\$ 384
CAMANCHE URBAN FORESTERS				
Assets				
Cash and investments	\$ 73	\$ -	\$ -	\$ 73
Liabilities				
Other payables	\$ 73	\$ -	\$ -	\$ 73
CLOSE UP				
Assets				
Cash and investments	\$ -	\$ 5,417	\$ 5,417	\$ -
Liabilities				
Other payables	\$ -	\$ 5,417	\$ 5,417	\$ -

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2005**

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, End of Year</u>
21st CENTURY				
Assets				
Cash and investments	<u>\$ -</u>	<u>\$ 12,952</u>	<u>\$ 12,952</u>	<u>\$ -</u>
Liabilities				
Other payables	<u>\$ -</u>	<u>\$ 12,952</u>	<u>\$ 12,952</u>	<u>\$ -</u>
DECAT Juvenile				
Assets				
Cash and investments	<u>\$ -</u>	<u>\$ 24,434</u>	<u>\$ 24,434</u>	<u>\$ -</u>
Liabilities				
Other payables	<u>\$ -</u>	<u>\$ 24,434</u>	<u>\$ 24,434</u>	<u>\$ -</u>
TOTAL				
Assets				
Cash and investments	<u>\$ 1,290</u>	<u>\$ 45,526</u>	<u>\$ 45,809</u>	<u>\$ 1,007</u>
Liabilities				
Other payables	<u>\$ 1,290</u>	<u>\$ 45,526</u>	<u>\$ 45,809</u>	<u>\$ 1,007</u>

CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
REVENUES				
Local sources	\$ 4,767,842	\$ 4,892,061	\$ 5,334,572	\$ 4,841,560
State sources	3,865,031	3,203,821	3,342,805	3,143,419
Federal sources	243,994	358,052	398,655	369,230
TOTAL REVENUES	\$ 8,876,867	\$ 8,453,934	\$ 9,076,032	\$ 8,354,209
EXPENDITURES				
Instruction	\$ 5,471,767	\$ 4,992,965	\$ 4,934,871	\$ 4,920,876
Support services				
Student services	278,579	250,037	260,547	251,759
Instructional staff services	283,682	388,427	180,873	159,633
Administration services	1,067,033	878,070	860,027	891,521
Operation and maintenance of plant services	660,476	580,789	580,360	559,040
Transportation services	225,443	212,152	131,569	133,727
Central support services	-	51,011	55,851	39,997
Non-instructional programs	22,297	14,771	225,935	219,128
Other expenditures				
Facilities acquisition	356,478	268,958	275,994	373,758
Long-term debt				
Principal	335,200	305,000	300,000	260,000
Interest and finance charges	217,792	230,543	242,693	274,956
AEA flow through	259,215	253,750	271,600	280,013
TOTAL EXPENDITURES	\$ 9,177,962	\$ 8,426,473	\$ 8,320,320	\$ 8,364,408

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Education
Camanche Community School District
Camanche, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Camanche Community School District as of and for the year ended June 30, 2005, which collectively comprise Camanche Community School District's basic financial statements and have issued our report thereon dated August 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Camanche Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camanche Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of the statutes. One statutory comment has been noted as item III-H-05.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the Camanche Community School District and other parties to whom the District may report, including federal awarding agencies and pass through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Clifton Henderson LLP

Clinton, Iowa
August 19, 2005

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes x none reported
- Noncompliance material to financial statements noted? yes x no

Section II - Financial Statement Findings

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

**CAMANCHE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005**

Section III - Other Findings Related to Required Statutory Reporting

III-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

III-B-05 Certified Budget - Disbursements for the year ended June 30, 2005, did not exceed the amount budgeted in any functional areas.

III-C-05 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

III-E-05 Business Transactions - No business transactions between the District and District officials or employees were noted.

III-F-05 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

III-G-05 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

III-H-05 Certified Enrollment - The District included as resident students, four foreign exchange students. These students should not be included in the District's certified enrollment.

Recommendation - The District should not have included foreign exchange students in the total count of resident students.

Response - These students were mistakenly counted in the resident student enrollment. Steps will be taken to prevent these students from being counted in the future.

Conclusion - Response accepted.

III-I-05 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

III-J-05 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.